

Statewide Redevelopment Agencies:

**Broad Project Discretion and Inadequate
Information Make Comparison
and Evaluation Difficult**

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November 19, 1996

95125

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the Bureau of State Audits presents its audit report concerning redevelopment agencies' effectiveness in eliminating blight. This report concludes that because blight has a broad definition and state law does not require redevelopment agencies to report on the results of their efforts, inadequate information exists to evaluate the effectiveness of agencies' redevelopment efforts. In addition, although most redevelopment agencies appear financially sound, some may face fiscal challenges. Finally, redevelopment plans generally comply with the law, but they need to contain more detailed information.

Respectfully submitted,

Mary P. Noble
for

KURT R. SJOBERG
State Auditor

Enclosure

Statewide Redevelopment Agencies:

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Information Make Comparison
and Evaluation Difficult**

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Summary

Results in Brief




Audit Highlights . . .

Redevelopment agencies are tools for cities and counties to eliminate blight and revitalize their communities. However, effectiveness of these agencies is difficult to measure because of:

- ☑ The broad definition of "blight;" and*
- ☑ Agencies are not required to report on their effectiveness.*

Most agencies seem financially sound and are complying with state legal requirements.

Without improvements in the level of detail in agencies' implementation plans, they cannot be used to evaluate progress of redevelopment projects.



Because blight has a broad definition and because state law does not require redevelopment agencies to report on the results of their efforts, inadequate information exists to evaluate the effectiveness of agencies' redevelopment efforts. Moreover, no single state department has oversight responsibility for redevelopment. As a result, we were unable to determine whether redevelopment agencies are effective in eliminating blight. However, we were able to obtain property value data for agencies and cities, audited financial statements and related reports for redevelopment agencies and the cities or counties in which they are located, and implementation plans for agencies. Based on our review of this information, we determined the following:

- The property values in most redevelopment areas are growing at rates that are the same or faster than those for the cities in which they are located. However, because factors other than redevelopment can affect the property values and because we cannot isolate such factors, we draw no conclusions from the trends we found.
- Although 1 of the 39 redevelopment agencies we reviewed is experiencing significant financial difficulties as of June 30, 1995, most agencies seem financially sound and comply with state legal requirements.
- Most agencies are preparing implementation plans that include all elements required by law. However, without improvements in their level of detail, these plans cannot be used to measure progress of redevelopment projects.

Recommendations

If the Legislature desires more information at the state level to determine the effectiveness of redevelopment agencies, it should amend the law and require agencies to submit reports to

the State on their effectiveness. The Legislature might consider expanding the implementation plans and using the plans as tools to report agency effectiveness.

To ensure that the Legislature receives the information it needs, it should consider designating a state agency to develop regulations addressing the type of data that agencies should report to the State. Further, the designated agency could function as a central collection point for all agencies' reports of effectiveness and review the reports for reasonableness of information.

The Legislature should reassess its intent in requiring redevelopment agencies to prepare implementation plans. If it wants specific information related to agency performance and effectiveness, the Legislature should consider amending the laws to:

- Simplify or reduce the required elements so that agencies focus their efforts on those elements of concern to the Legislature; or
- Expand the elements to require agencies to provide more detail in their plans so that progress on redevelopment efforts can be evaluated and effectiveness can be measured.

Introduction

Background

In 1945, the Legislature established redevelopment agencies in California by enacting the Community Redevelopment Act, which gave cities and counties a tool to revitalize the deteriorating and blighted areas of their communities. The initial growth in redevelopment was slow, with only 46 agencies established by 1965 and just 158 by 1975. The formation of such agencies accelerated during the 1980s, and as of June 1996, there were approximately 390 statewide. Currently, more than 75 percent of the cities and 40 percent of the counties in California have these agencies.

State law provides cities and counties with the authority to activate a redevelopment agency. Typically, the city council or the board of supervisors acts as the governing board for the agency. In about a dozen cities, a separate commission appointed by each city or county oversees its respective agency's activities. Through their elected representatives and the election process, voters have control over a redevelopment agency. The law also includes requirements for public information and citizen involvement through public hearings.

The primary purpose of redevelopment agencies is to eliminate blight within a legally defined area. To accomplish this goal, agencies have statutory authority to receive a specified portion of property tax revenue and to purchase private property through direct acquisition or eminent domain for resale to other private parties. Eminent domain is defined as the right of a government to take private property within its jurisdiction for public use. Although the law imposes certain audit and reporting requirements on redevelopment agencies, there are few restrictions on the types of projects agencies can undertake. Further, state oversight is limited.

Since redevelopment agencies came into existence over 50 years ago, the State has amended the laws governing redevelopment numerous times. The most recent significant changes resulted from the enactment of the Community Redevelopment Law Reform Act of 1993, which became effective on January 1, 1994. Among other things, the act provided a stricter definition of blight and established time limits for agencies to incur debt and carry out redevelopment projects.

Cities and Counties Activate Redevelopment Agencies and Project Areas

According to statute, every community has a redevelopment agency that can be activated when the local legislative body in a city or county declares a need for redevelopment and the elimination of blight. Once the city or county activates its agency by passing an ordinance subject to a public referendum, the city or county can choose one of three different organizational structures for the agency. Specifically, the legislative body of the city or county may declare itself the governing board of the redevelopment agency, create an autonomous board to govern the agency, or create a community development commission that governs both the agency and the local housing authority. Most cities and counties have designated themselves to be the governing boards. Further, state law defines an agency's boundaries as the boundaries of the city or county in which the redevelopment agency is located.

Once created, the agency must adopt a redevelopment plan for each project area, which is a region within the agency's boundaries that the agency has designated as blighted. Under current law, an agency cannot establish a project area without the existence of blighted conditions within the project area's boundaries. Further, the law requires that project areas must have a combination of deteriorated conditions that place a physical and economic burden on the community that the private sector or the government cannot alleviate without redevelopment.

To establish a project area, an agency must prepare and, after participating in a public hearing process, approve a redevelopment plan. The plan must include a legal description of the area's boundaries and be accompanied by a report detailing the reasons for selecting the project area and a description of the blighted conditions. For project areas established after January 1, 1994, the redevelopment plan must also include an implementation plan that describes the project area's specific goals and objectives. The laws that apply to project areas established before January 1, 1994, when the Community Redevelopment Law Reform Act of 1993 went into effect, differ in that these areas must prepare implementation plans separate from their redevelopment plans. Regardless of establishment date, the community adopts a redevelopment plan by the passage of a local ordinance. Currently, California's 390 redevelopment agencies have designated approximately 730 project areas as blighted.

Agencies May Use Tax Increment Revenue

One of the largest sources of revenue for a redevelopment agency is tax increment revenue. Tax increment revenue results from property taxes collected on any growth in assessed property values that occurs in a project area after redevelopment begins. Specifically, the Board of Equalization and the county designate the existing property values located in a newly established project area as the base-year value. Property tax assessed and collected on any increases in the property values over the base-year value is tax increment revenue.

By law, tax increment revenue is allocated to a redevelopment agency only to pay the principal and interest on loans, advances, and other debt incurred by the agency to finance its redevelopment projects. Thus, a redevelopment agency is eligible to receive tax increment revenue only after it has incurred debt and only until debt is repaid. According to the State Controller's Office (SCO), redevelopment agencies statewide received over \$1.5 billion in tax increment revenue and approximately \$2.2 billion in revenues from all sources during fiscal year 1993-94.

The State Has a Limited Role in Redevelopment Projects

The State does not directly fund or oversee redevelopment activities. However, the State Constitution guarantees schools a minimum level of funding. Part of the minimum level is funded by local property taxes, while state funds must supply the remainder. Because the local property taxes collected on any increase, or increment, in property values are given to redevelopment agencies, some amount of local property tax shifts away from schools. As a result, the State may have to partially fund those school districts that are located in redevelopment areas if this shift in property taxes results in a funding gap.

Although no single state agency is responsible for overseeing redevelopment activities in California, four state agencies—the Department of Finance, the Board of Equalization, the SCO, and the Department of Housing and Community Development (HCD)—have the following responsibilities related to redevelopment:

- The Department of Finance reviews and can challenge the adoption of redevelopment plans.
- The Board of Equalization determines the base-year assessed value of utility property (property that is owned or used by certain public utility companies) within each project area.
- The SCO issues the chart of accounts that redevelopment agencies follow in recording financial activities and the guidelines independent auditors follow in reviewing the activities of redevelopment agencies. The SCO also collects audited financial statements and related compliance reports for redevelopment agencies. In addition, the SCO summarizes financial data in its report entitled *Annual Report of Financial Transactions Concerning Community Redevelopment Agencies of California*.
- The HCD collects financial and program information related to low- and moderate-income housing activities and compiles the information in its annual report entitled *Redevelopment Housing Activities in California*.

Scope and Methodology

The Joint Legislative Audit Committee asked the Bureau of State Audits to determine whether redevelopment agencies are effective in removing blight and whether they are spending taxpayers' dollars appropriately.

We reviewed relevant state laws, rules, and regulations. To determine the names, locations, and numbers and sizes of project areas for redevelopment agencies located throughout the State, we reviewed the SCO's *Annual Report of Financial Transactions Concerning Community Redevelopment Agencies of California* for fiscal year 1993-94. Additionally, to determine the types and amounts of debt, annual revenues and expenditures, and amounts of tax increment revenue generated within a redevelopment area, we reviewed the SCO's annual report, which summarizes this information.

To ascertain the common problems related to redevelopment statewide, we interviewed staff at state departments, legislative staff, citizen groups, and a redevelopment lobbying organization and identified the following concerns:

- Designation of entire cities as blighted;

- Adoption of project areas comprising vacant agricultural land;
- Noncompliance with housing set-aside requirements;
- Abuse of eminent domain authority; and
- Poor financial health.

To determine whether redevelopment agencies are designating entire cities as blighted, we obtained data on project area size from a database maintained by the SCO and city acreage information from the U.S. Census Bureau's 1990 Census. We determined the total project area acreage for each agency and then compared the total to its city's total acreage. Based on this review, we found that 239 of the 321 (approximately 74 percent) agencies with data available had designated less than 10 percent of their cities as blighted, and only 2 (.6 percent) agencies had designated more than 50 percent of their cities as blighted.

To determine whether project areas comprise vacant agricultural land, we obtained data on project area size and composition from a database maintained by the SCO. For each agency we computed the total acreage and the total vacant land acreage for all project areas. We then compared the vacant land acreage to the total acreage to compute a percentage. Our analysis revealed that most agencies have not included a significant portion of vacant land in their project areas. Specifically, 243 of the 329 (approximately 74 percent) agencies with data available reported that less than 30 percent of their area was comprised of vacant land, and only 46 (14 percent) agencies reported more than 50 percent of their area was vacant. However, because the database does not include a description of the vacant land, we could not determine whether the vacant land was agricultural.

To determine whether agencies have problems in the areas of housing requirements, eminent domain, and financial health, we visited two agencies and reviewed each of the areas identified above. We determined whether the agencies were properly calculating and transferring 20 percent of their tax increment revenue to their housing funds and using the funds to improve, increase, or preserve their communities' supply of low- and moderate-income housing as required by law. Second, we assessed whether the use of eminent domain powers was properly disclosed in the two agencies' redevelopment plans and whether each agency made good faith efforts in its public dealings during the eminent domain

proceedings. Finally, we looked for questionable transfers between each redevelopment agency and its city, commingling of funds between the agency and its city, and general financial problems.

During our review of these agencies, we found that both the agencies were complying with legal requirements when they transferred money to their housing funds and later used the money appropriately. However, one agency did not transfer the correct amount of its tax increment revenue for housing, a fact we reported in a separate management letter. Both agencies appear to have made the proper disclosures and good faith efforts when they used their eminent domain powers. Neither agency showed signs of significant financial concerns or problems.

To determine the amount and effect of the low- and moderate-income housing funds for redevelopment agencies statewide, we reviewed a public report issued by the HCD entitled *Redevelopment Housing Activities in California*. Because this report summarizes amounts of housing funds, we avoided duplication and performed no additional audit work. Further, because we could not isolate the effect of housing funds on housing activity in the redevelopment areas, we could not arrive at a conclusion on this issue.

To determine the scope of redevelopment activities and the results of redevelopment efforts to eliminate blight, we requested for our review the implementation plans from a sample of 40 redevelopment agencies. We selected these agencies, which are listed in Appendix A, to include a variety of locations, sizes, and ages. Thirty-seven of the 40 redevelopment agencies sent us their implementation plans. In reviewing the plans, we analyzed the following criteria:

- The scope of redevelopment activities, including the types of projects planned;
- The results of agencies' efforts to eliminate blight;
- The extent of compliance with the elements required by law, such as descriptions of planned projects, estimated expenditures, low- and moderate-income housing activities, and how the projects will eliminate the blighted conditions; and

- The ability to evaluate progress of redevelopment projects by providing clear and specific details describing projects, their locations, and their time lines.

We discuss the results of our review in Chapter 3.

To determine whether redevelopment activities comply with state law and whether statutorily mandated reports submitted to the State were accurate and timely, we reviewed the *SCO Guidelines for Compliance Audits of California Redevelopment Agencies* that are distributed to independent auditors. The SCO guidelines contain audit procedures addressing key compliance issues that independent auditors should follow during their audits of redevelopment agencies. As a result, we relied on the independent auditors to review the agencies' compliance with these requirements. Thus, we reviewed the auditors' compliance reports for the same sample of 40 agencies listed in Appendix A. Refer to Chapter 2 for the results of our analysis on the agencies' compliance.

To review and assess the agencies' debt service requirements, their ability to meet those requirements in the future, and the impact of debt on their ability to conduct redevelopment projects, we reviewed a report issued by Moody's Investors Service (Moody's) that analyzed the ratings of redevelopment tax allocation bonds. In its February 1996 report, Moody's concluded that only 5 of the 60 project areas it reviewed merited a rating change. Moody's ratings are based on comparisons of maximum future debt service needs with tax increment revenue currently available. Furthermore, it found that credit quality of redevelopment debt exhibited remarkable resilience despite the recent significant economic forces affecting California.

Additionally, we reviewed audited financial statements and related reports for the same sample of 40 agencies listed in Appendix A for fiscal years 1993-94 and 1994-95. For the 39 of 40 agencies that issued financial statements, we reviewed the financial statements and reports to identify any concerns raised by the independent auditors related to debt service requirements or an agency's ability to continue its operations. Moreover, we performed a similar review on the audited financial statements and related audit reports for the cities or counties in which the 39 redevelopment agencies are located. We report the results of our analysis in Chapter 2.

To assess the financial impact of redevelopment projects on the State's General Fund, we reviewed records from the Department of Education to determine the amount of General Fund money paid to school districts when their local property

tax revenues were insufficient to fund them. However, the data were insufficient to enable us to identify and match a particular school district with a specific redevelopment agency area. As a result, we performed no further analysis.

To identify statewide trends in redevelopment activity, we obtained information compiled by the SCO and analyzed the trends in property values for agencies statewide and for the cities in which they are located. Because only 24 redevelopment agencies (6 percent) were activated by their counties, we excluded counties' property values from our analysis. We report the results of our analysis in Chapter 1.

In this audit, we obtained data from a variety of sources. We obtained city acreage data from the U.S. Census Bureau's 1990 Census, redevelopment housing data from the HCD, and audited financial statements and compliance reports from the agencies. Additionally, we obtained databases containing information on property values, project area acreage, and vacant land from the SCO. Because we did not audit these data, we do not express an opinion on their reliability.

Chapter 1

Redevelopment Agencies' Effectiveness in Eliminating Blight Is Not Measurable

Chapter Summary

The effectiveness of redevelopment agencies in eliminating blight cannot reasonably be measured at the state level. Because state law offered no clear legal definition of "blight" when agencies established most project areas, they have broadly defined blight and have undertaken a wide variety of projects. Further, the courts have generally upheld the legality and acceptability of a wide range of agency projects to eliminate blight.

Furthermore, inadequate information exists for assessing the agencies' success at eliminating blight. Although redevelopment agencies must report certain financial and housing information to the State, laws do not require the agencies to report on the results of their efforts to eliminate blight. Further, the ages and types of projects undertaken by the agencies differ greatly, so the projects are difficult to compare.

However, we were able to obtain information on assessed property values that could provide possible indicators of an agency's success at eliminating blight. Specifically, an increase in the property values within a project area could indicate that an agency is succeeding in its efforts. A comparison of the growth in the average annual property values in redevelopment areas contrasted to the cities in which the agencies are located revealed that property values in most areas are growing at the same or faster rates than the rates for their respective cities. However, because other factors can affect property values, and we cannot isolate the effects of those factors, we could draw no conclusions from these data.

Recent Legislation Provides a Stricter Definition of "Blight"

From its enactment in 1945 until 1993, state law guiding redevelopment did not explicitly define "blight." Instead, a blighted area was broadly defined as a condition that caused the improper utilization of an area to such an extent that it

Comparing and
evaluating redevelopment
projects is difficult
because of the diversity of
the projects and the
broad definition of
"blight."


constituted a physical or economic burden to the community that could not be eliminated by private enterprise acting alone. This definition allowed project areas to be characterized as blighted, even though substantial physical deterioration did not exist. Further, when the definition of "blight" has been contested through litigation, the courts have generally upheld the definition agencies have given to blight for project areas established before January 1, 1994.

In 1993, state law narrowed the definition of "blight" by requiring that a blighted area contain a combination of conditions that are so prevalent and substantial that they cause both a serious physical and economic burden that cannot be eliminated by private enterprise or the government without redevelopment. The courts have not yet interpreted this stricter definition of "blight." Currently, redevelopment agencies have established or amended approximately 35 project areas since January 1, 1994. Of these 35 project areas, we reviewed 10 and did not find a significant difference in the way the respective agencies defined "blight" over the pre-1994 criteria.


Agencies Have Planned Diverse Redevelopment Projects

Without a precise definition of "blight," redevelopment agencies engage in a variety of projects to eliminate the blight in their project areas. To determine the types of projects planned by agencies, we requested implementation plans from a sample of 40 agencies, but only received plans prepared by 37 redevelopment agencies. We found that the agencies have a broad spectrum of planned activities to eliminate blight, ranging from construction of a new city hall to programs for prenatal services. Further, in our sample, the project areas were from 1 year to 48 years in age. Because of the variety among types and ages of redevelopment projects, we could not compare projects proposed by different agencies. In addition, because agencies have interpreted "blight" so broadly, we could not determine whether the planned projects were an appropriate use of taxpayers' dollars. Finally, we did not identify significant differences related to the types of projects agencies proposed for project areas established before and those established after January 1, 1994.

Many redevelopment agencies have identified similar blighted conditions in different project areas, but each agency has planned different projects to eliminate blight. For example, to eliminate blight caused by inadequate traffic circulation, one agency plans to improve existing freeway on- and off-ramps,



Projects range from golf courses to graffiti removal to contributions to food banks for the homeless.



while another agency will address the same condition by installing traffic signals and lighting. To fulfill their low- and moderate-income housing responsibilities, different agencies have planned diverse projects, such as contributions to food banks for the homeless, loans to assist first-time home buyers, and construction of senior housing units. To facilitate private-sector development, and thus reduce blight, one agency plans to develop a golf course, while another proposes to remove graffiti. To attract business that will spur economic development, agencies have designed projects that range from providing relief from local fees and taxes to constructing a concert hall. Figure 1 shows the types of projects and activities planned by the 37 redevelopment agencies in our sample.

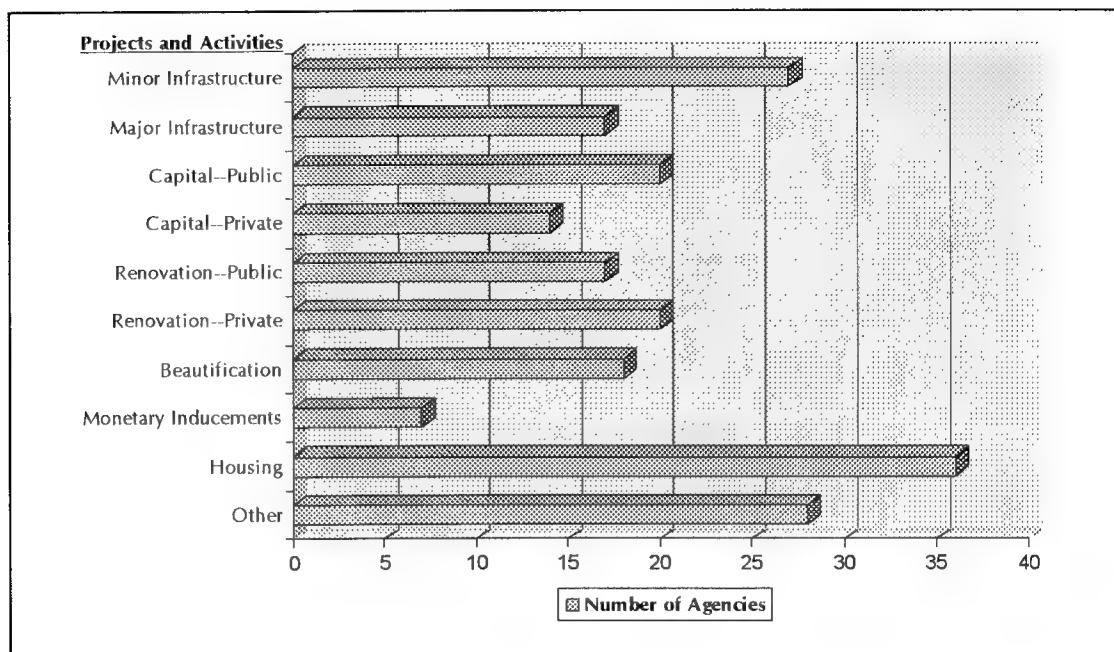
Agencies have also planned several different projects to address the same set of problems. For example, one agency has proposed two different projects to eliminate blight caused by inadequate public improvements and facilities. Specifically, the agency intends to construct a high-school sports complex as well as to purchase computer hardware for its middle school. Refer to Appendix B for a list of the types of projects and activities planned by each of the 37 redevelopment agencies we sampled.

Statewide Trends in Assessed Property Values

The law requires redevelopment agencies to report certain financial information and housing data to the State; however, it does not require agencies to report the results of their efforts to eliminate blight. Thus, we could not determine the effectiveness of the agencies' different projects. Nonetheless, we did obtain statewide data related to property values, and we viewed the data as possible indicators of agencies' success in eliminating blight. Because tax increment revenue is based on the premise that assessed property values will increase over time in a redevelopment project area, the increase in property values could serve as an indicator of a redevelopment agency's presence and its success in eliminating blight.

Figure 1

***Types of Projects and Activities Planned by
the Redevelopment Agencies in Our Sample***




| Type of Project/Activity | Description of Redevelopment Project/Activity Categories |
|--------------------------|--|
| Minor Infrastructure | Public improvement projects that are small in nature or in cost, such as sidewalks, curbs, or sewer and street repairs. |
| Major Infrastructure | Public improvement projects that are significantly larger than minor infrastructure projects in size and cost, such as bridges, street widening, overpasses, on-ramps, new streets, and new sewer systems. |
| Capital | Public and private new construction: <ul style="list-style-type: none"> • <u>Public</u>—libraries, civic centers and parks, parking facilities (new and not for specific businesses), city halls, university hospitals. • <u>Private</u>—retail shopping centers, offices, industrial buildings, and parking facilities (new and for specific businesses). |
| Renovation | Renovation projects—other than new construction: <ul style="list-style-type: none"> • <u>Public</u>—interior and exterior improvements on public buildings or structures, including facade changes. • <u>Private</u>—interior and exterior improvements on privately-owned buildings or structures, including those for nonprofit organizations. |
| Beautification | Cleaning and other projects that focus on creating a visually attractive urban setting, including graffiti removal, landscaping, planting street trees, hanging banners, and installing street furniture. |
| Monetary Inducements | Unconventional means to attract businesses to a project area. These include local tax breaks, fee write downs, relocation assistance, and incentive packages. |
| Housing | Housing units or programs for low- to moderate income households. |
| Other | All other projects or programs that do not fit into the above categories. These include planning, marketing, site development, social programs, administrative costs, payment of debt, and monitoring of policy issues. |

To analyze whether the property values increased or decreased in redevelopment project areas statewide, we reviewed data collected by the State Controller's Office (SCO) on property values for a nine-year period from fiscal years 1985-86 through 1993-94. Similarly, to evaluate whether the property values increased or decreased in cities with redevelopment agencies, we reviewed the assessed value data for those cities over the same nine-year period. We then compared assessed property value data for each redevelopment agency to its city's assessed property value data to discern any trends.


Although the SCO had data available from fiscal years 1985-86 through 1993-94, some redevelopment agencies and their related cities did not report property values to the SCO for each year within the entire nine-year period. Of the 388 agencies that reported to the SCO in 1993-94, we were able to identify only 273 agencies and their respective cities that reported at least five consecutive years of data that we could use in our analysis.

***For Most Agencies, Assessed
Property Values Increased
Between 1985 and 1994***

In our analysis of trends in assessed property values, we found that approximately 98 percent of redevelopment agencies have shown an average annual increase in assessed property values for their project areas. Specifically, for properties located within redevelopment area boundaries, 268 of the 273 redevelopment agencies that we examined experienced an overall average annual increase in the assessed property values over the nine-year period. Similarly, the cities in which the 268 redevelopment agencies are located also experienced an overall increase in assessed property values. The remaining five redevelopment agencies experienced an average annual decrease in property values during the nine-year period, while the property values in their respective cities increased during the same time period.



Approximately 98 percent of redevelopment agencies have shown an increase in assessed property values for their project areas.



Using the information available from the SCO, we attempted to identify factors that caused the property values for the five redevelopment agencies to decrease rather than increase similar to the majority of agencies. Because acreage amounts were available for redevelopment agencies' project areas, we analyzed acreage data to determine whether the size of each redevelopment agency had changed during the nine-year period in question. Our analysis showed that the size of four of the five redevelopment agencies had remained fairly constant

during the nine-year period. Acreage data were not available for the remaining agency. Further, in examining SCO data, we could not isolate any factors that caused the assessed property values for the five redevelopment agencies' project areas to deviate from the 268 agencies' trend toward increases in assessed property values.

***One Redevelopment Agency
Attributes Property Value Decline
to a Change in State Reporting***

We selected one of the five agencies for further review. Specifically, the Central District Development Agency of the City of Bakersfield was one of the five redevelopment agencies that experienced an average annual decrease in property values, although property values for its city increased. The property values for this agency's project areas decreased an average of 3 percent per year over the nine-year period. During the same period, the City of Bakersfield's property values increased an average of 7 percent per year. According to our analysis, the decrease in property values for the Bakersfield agency was not attributable to a change in the size of the redevelopment area, because the agency's acreage had remained constant over the period we reviewed. However, a significant decrease in the agency's property values in fiscal year 1988-89 affected the average of property values for the entire nine-year period. According to the director of the redevelopment agency, the decrease in property values for fiscal year 1988-89 may have resulted from a change in the State's method of reporting assessed value of public utility property. Public utility property includes property owned or used by certain public utility companies such as Pacific Gas and Electric. Specifically, the State began assessing property on a countywide basis, thus reducing the value of public utility property in the project area. Although we were able to confirm the change in reporting method with the Board of Equalization, which is responsible for assessing the value of utility property, we were unable to determine its impact on the agency.

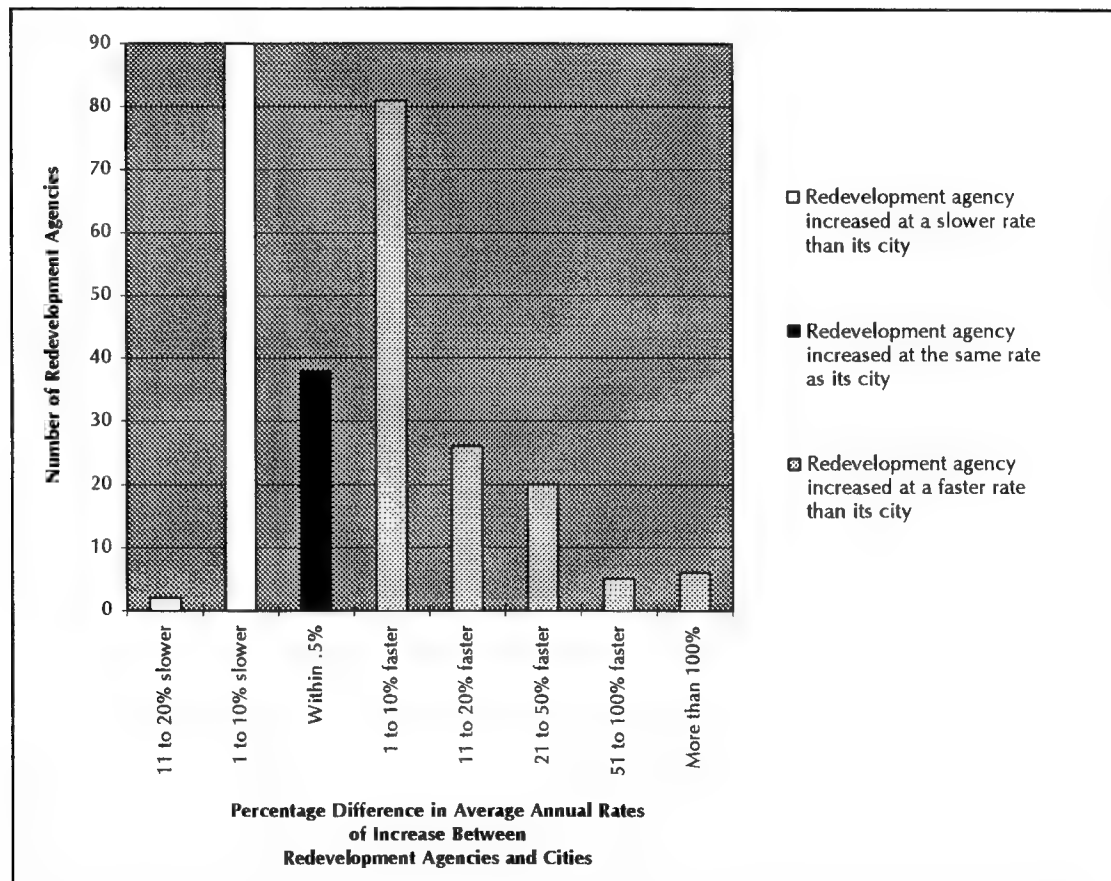
***For Most Agencies, Property
Values Grew at a Faster
Rate Than Cities***

For the 268 redevelopment agencies and their cities that exhibited average annual increases in property values, we further analyzed the data to determine if the rates of increase were similar. Specifically, we calculated the difference

between the average annual increase in each agency's property values and the increase in its city's property values. We found that the property values for 176, or 66 percent, of the agencies grew at the same or faster rates than their cities' property values. Specifically, 138 (51 percent) agencies increased at a rate that was faster than that of the cities in which they are located, and 38 (14 percent) grew at approximately the same rate as their cities. The property values for the remaining 92 (34 percent) increased at slower rates than those for the agencies' cities. Figure 2 depicts the comparison of the agencies' average annual rates of increase in property values with their cities' increases in property values.


Figure 2

Comparison of Agencies' Average Annual Rates of Increase in Property Values With Rates for Agencies' Cities




***Some Increases in Assessed Values
Can Be Attributed to Increases
in Size of Redevelopment Areas***

For 11 redevelopment agencies, the average rate of increase in property values was significantly higher than the rates for their cities. The average rate of increase for these agencies was between 51 and 464 percent higher than the increase for their respective cities. We attempted to determine if changes in the sizes of the redevelopment areas caused the differences in the rates of increase. Based on our analysis of nine agencies for which acreage data were available, the increase in assessed values for six agencies appeared to be related to an increase in acreage. For example, over the nine-year period, Modesto Redevelopment Agency's average rate of increase in property values was 464 percent higher than the rate of increase for its city. Our review of the acreage data revealed that in fiscal year 1991-92, the redevelopment area increased from 28 acres to 2,000 acres. As a result, its property values increased from approximately \$42 million in fiscal year 1991-92 to approximately \$613 million in fiscal year 1992-93. In this one-year period alone, the agency's property value increased more than 1,000 percent, while the city's property value increased by only 6 percent.



At 3 of the 11 agencies, the size remained the same, but we could not determine why they exceeded their cities' property value growth.



For the remaining three redevelopment agencies, we determined that the increase in property values was not attributable to a change in their size, because the acreage remained constant. Moreover, we could not identify any one factor that caused property values at these three agencies to increase at a significantly higher rate than the rate of increase for their cities.

Chapter 2

Although Most Redevelopment Agencies Appear Financially Sound, Some May Face Fiscal Challenges

Chapter Summary

Most of the redevelopment agencies we reviewed appear to be financially sound and complying with state laws as of June 30, 1995. However, 1 of the 39 agencies in our sample reported significant financial problems that also have adversely affected its city. Specifically, the auditor for this agency reported that, due to deficits, it may have difficulties meeting its financial obligations. Of the remaining 38 agencies, 35 agencies had spending deficits and 15 agencies had fund deficits in at least one of their funds as of June 30, 1995. Nevertheless, the independent auditors found that all 38 agencies were able to meet their financial obligations. Furthermore, we noted that pending lawsuits and one city's financial problems could adversely affect the future financial health of five redevelopment agencies.

Interrelationship of Redevelopment Agencies and Their Cities Prompted Our Financial Review

Because cities or counties and redevelopment agencies make loans to each other and sometimes commingle funds, the financial difficulties of one may adversely affect the financial health of the other. Therefore, we reviewed the financial statements for the 39 agencies and their cities or counties listed in Appendix A to assess their financial health and determine whether financial difficulties of one adversely affected the financial condition of the other. In addition, we reviewed agency financial statements and compliance reports to determine whether they complied with state law. For this review, we obtained the financial statements and compliance reports from the State Controller's Office for the fiscal years 1993-94 and 1994-95.

Independent auditors found that 38 out of 39 agencies were able to meet their financial obligations.

Most Redevelopment Agencies Are Fiscally Sound

As of June 30, 1995, one agency in our sample of 39 had significant financial difficulties that have adversely affected its city. Additionally, 35 agencies reported spending deficits, in which their expenditures were greater than their revenues, and 15 agencies reported fund deficits, where their liabilities were greater than their assets. Nevertheless, as of June 30, 1995, the independent auditors found that all but one of the 39 agencies are able to meet their financial obligations as they become due. Further, the auditors did not report significant instances of noncompliance with state law.

Financial Troubles at Its Redevelopment Agency Adversely Affected the City of Hawthorne's Financial Condition

The financial difficulties of the Community Redevelopment Agency of the City of Hawthorne have adversely affected its city. Specifically, the independent auditor for the City of Hawthorne and its redevelopment agency noted that as of June 30, 1995, the agency had fund deficits in two of its project funds. Further, the auditor expressed concerns that significant financial losses from lawsuits that caused the deficits may also cause the agency to have difficulty in meeting its financial obligations. As a result, the auditor had doubts about the agency's ability to continue as a going concern. An entity is considered to be a going concern if it is able to meet its obligations as they become due in the normal course of business. The auditor also reported that the agency would not be able to repay its \$6 million loan from the city's general fund in the near future. Because the city already had a general fund deficit and severe cash-flow problems, its financial condition was worsened by the agency's inability to repay the loan.

Many Redevelopment Agencies Exhibit Deficit Spending Patterns and Fund Deficits

Except for the Community Redevelopment Agency of the City of Hawthorne, none of the other redevelopment agencies in our sample exhibited conditions so severe that their independent auditors questioned the agencies' ability to meet their obligations as they come due. Nevertheless, 35 of the 39 redevelopment agencies we reviewed reported spending

Reports of deficit spending or fund deficits are not necessarily indicators of financial problems.

deficits in at least one fund for one or both fiscal years covered by our audit. Table 1 on the next page shows the agencies in our sample with spending deficits.

Deficit spending occurs when total annual expenditures are greater than annual revenues from all sources. However, deficit spending by itself is not necessarily an indicator of financial problems. For example, deficit spending may not be a problem if an agency has an adequate fund balance, that is, it has more assets than liabilities. However, repeated spending deficits can deplete an entity's fund balance and lead to a fund deficit. A fund deficit occurs when the fund has more liabilities than it has assets.

In our sample of 39 redevelopment agencies, 15 agencies reported fund deficits in at least one of their funds. As with spending deficits, fund deficits may not always indicate financial problems. For example, temporary deficits are not uncommon in funds used to account for long-term projects. Specifically, a redevelopment agency may temporarily borrow money to pay project costs. As the agency spends the money, the cash balance decreases; however, the liability remains the same and creates a deficit. Typically, the deficit will diminish over time as the agency receives revenue and repays the debt. Table 2 on page 22 shows the agencies in our sample with fund deficits.

Other Conditions That May Adversely Affect the Future Financial Health of Some Redevelopment Agencies

Besides deficit spending and fund deficits, we noted that four agencies reported large contingent liabilities related to lawsuits and one agency may be adversely affected by its city's financial problems. Specifically, the Redevelopment Agency of the City of Indian Wells reported a possible loss up to \$5 million related to an eminent domain lawsuit, and a developer has filed a \$50 million claim against the Redevelopment Agency of the City of Morgan Hill. Further, the Community Redevelopment Agency of the City of Hawthorne reported \$8.5 million in possible losses due to various lawsuits arising from the course of normal operations, and the Redevelopment Agency of the City of San Jose reported a possible loss of \$3 million related to eminent domain lawsuits. Although the outcome of these lawsuits is unknown, if decided against the agencies, they could negatively impact the agencies' future financial condition.

Table 1**Redevelopment Agencies With
Spending Deficits**

| Redevelopment Agency | Fiscal Year | |
|---|-------------|---------|
| | 1993-94 | 1994-95 |
| Anaheim Redevelopment Agency | ✓ | ✓ |
| Beaumont Redevelopment Agency | ✓ | |
| Bell Gardens Redevelopment Agency | ✓ | ✓ |
| Brea Redevelopment Agency | ✓ | ✓ |
| Redevelopment Agency of the City of Buellton | | ✓ |
| Redevelopment Agency of the City of Capitola | | |
| Carlsbad Housing and Redevelopment Department | ✓ | ✓ |
| City of Compton Community Redevelopment Agency | ✓ | ✓ |
| Community Development Agency of the City of Coronado | ✓ | ✓ |
| Danville Redevelopment Agency | ✓ | |
| Eureka Redevelopment Agency | ✓ | ✓ |
| Fresno County Redevelopment Agency | | |
| Half Moon Bay Redevelopment Agency | ✓ | |
| Community Redevelopment Agency of the City of Hawthorne | ✓ | ✓ |
| Hemet Redevelopment Agency | ✓ | ✓ |
| Hesperia Redevelopment Agency | ✓ | |
| Hollister Redevelopment Agency | ✓ | ✓ |
| Redevelopment Agency of the City of Indian Wells | ✓ | ✓ |
| Industry Urban-Development Agency | ✓ | ✓ |
| Redevelopment Agency of the City of Lathrop | ✓ | |
| Community Redevelopment Agency of the City of Los Angeles | ✓ | ✓ |
| Community Development Commission of the County of Los Angeles | | |
| Manteca Redevelopment Agency | ✓ | ✓ |
| Redevelopment Agency of the City of Monterey | | ✓ |
| Redevelopment Agency of the City of Morgan Hill | ✓ | |
| Napa Community Redevelopment Agency | | ✓ |
| Community Development Commission of the City of National City | ✓ | ✓ |
| Redevelopment Agency of the City of Oakland | ✓ | ✓ |
| Redevelopment Agency of the City of Perris | ✓ | ✓ |
| Poway Redevelopment Agency | ✓ | ✓ |
| Rancho Cucamonga Redevelopment Agency | ✓ | ✓ |
| Redevelopment Agency of the City of Riverside | ✓ | ✓ |
| Redevelopment Agency of the City of Sacramento | ✓ | ✓ |
| Redevelopment Agency of the City and County of San Francisco | ✓ | ✓ |
| San Gabriel Redevelopment Agency | | |
| Redevelopment Agency of the City of San Jacinto | ✓ | ✓ |
| Redevelopment Agency of the City of San Jose | ✓ | ✓ |
| Twentynine Palms Redevelopment Agency | | ✓ |
| Whittier Redevelopment Agency | ✓ | ✓ |

✓Indicates a spending deficit in at least one fund.

In addition, the City of Perris' financial problems may adversely affect the future financial health of its redevelopment agency. As of June 30, 1995, the independent auditor noted that the city was experiencing deficits and increased cash-flow difficulties and might not be able to pay its debts. To increase its cash flow, the city plans to have its redevelopment agency issue bonds and use approximately \$1 million of the bond proceeds to reimburse certain city expenditures. A portion of the bond proceeds will also be loaned to the city to pay other expenditures. However, even after considering Perris' short-term financing plan, the auditors doubt the city's ability to continue as a going concern. Consequently, the city may not be able to repay the proposed loan from its redevelopment agency.

Table 2

***Redevelopment Agencies
With Fund Deficits***

| Redevelopment Agency | Fiscal Year 1994-95 |
|--|--------------------------------|
| Anaheim Redevelopment Agency | ✓ |
| Beaumont Redevelopment Agency | |
| Bell Gardens Redevelopment Agency | |
| Brea Redevelopment Agency | |
| Redevelopment Agency of the City of Buellton | ✓ |
| Redevelopment Agency of the City of Capitola | |
| Carlsbad Housing and Redevelopment Department | |
| City of Compton Community Redevelopment Agency | |
| Community Development Agency of the City of Coronado | |
| Danville Redevelopment Agency | ✓ |
| Eureka Redevelopment Agency | |
| Fresno County Redevelopment Agency | |
| Half Moon Bay Redevelopment Agency | |
| Community Redevelopment Agency of the City of Hawthorne | ✓ |
| Hemet Redevelopment Agency | ✓ |
| Hesperia Redevelopment Agency | |
| Hollister Redevelopment Agency | ✓ |
| Redevelopment Agency of the City of Indian Wells | ✓ |
| Industry Urban-Development Agency | |
| Redevelopment Agency of the City of Lathrop | ✓ |
| Community Redevelopment Agency of the City of Los Angeles | |
| Community Development Commission of the County of Los Angeles | |
| Manteca Redevelopment Agency | |
| Redevelopment Agency of the City of Monterey | ✓ |
| Redevelopment Agency of the City of Morgan Hill | |
| Napa Community Redevelopment Agency | |
| Community Development Commission of the City of National City | ✓ |
| Redevelopment Agency of the City of Oakland | |
| Redevelopment Agency of the City of Perris | ✓ |
| Poway Redevelopment Agency | |
| Rancho Cucamonga Redevelopment Agency | |
| Redevelopment Agency of the City of Riverside | ✓ |
| Redevelopment Agency of the City of Sacramento | ✓ |
| Redevelopment Agency of the City and County of San Francisco | ✓ |
| San Gabriel Redevelopment Agency | |
| Redevelopment Agency of the City of San Jacinto | |
| Redevelopment Agency of the City of San Jose | |
| Twentynine Palms Redevelopment Agency | |
| Whittier Redevelopment Agency | ✓ |

✓Indicates a fund deficit in at least one fund.

Chapter 3

Redevelopment Implementation Plans Generally Comply With the Law, But They Need To Contain More Detailed Information

Chapter Summary

Most redevelopment agencies prepare implementation plans that include all elements required by law. However, few of these implementation plans include enough specific information for evaluating agencies' progress towards eliminating blight or measuring progress of redevelopment projects. Thus, although implementation plans have the potential to serve as valuable evaluation tools, these documents cannot be used to measure progress or effectiveness unless the agencies make improvements.

Implementation Plans Must Meet Specific Requirements

The California Health and Safety Code, Section 33490, required all redevelopment agencies, regardless of establishment date, to prepare, by December 31, 1994, a five-year implementation plan for each of their project areas. Further, it requires agencies to prepare revised implementation plans for each five-year period thereafter. The implementation plans must contain the agency's specific goals and objectives for the project area; the specific programs, including potential projects; and estimated expenditures. Further, the plans must explain how their proposed projects will eliminate the blighted conditions in the project area. The implementation plans also must address the agencies' housing responsibilities. Finally, at least once within the five-year period of the plans, agencies must conduct a public hearing for the purpose of reviewing the plans and evaluating the progress of the redevelopment projects.

Agencies' Implementation Plans Contain the Various Elements Required by Law

To determine whether redevelopment agencies prepared implementation plans that include all elements required by law, we requested implementation plans from the 40 agencies listed in Appendix A. However, we only received plans from 37 agencies.

Our review indicated that agencies prepared implementation plans that generally contain most of the elements required by law. However, 10 of the 37 agencies reviewed prepared implementation plans that failed to include one or more of the eight required elements listed in Table 3. For example, some plans discuss the agencies' goals and projects, but fail to address estimated expenditures. In other instances, the agencies detailed the number of housing units to be constructed, but did not include a discussion of the amounts that they will deposit into housing funds. Refer to Table 3 for a list of the required elements that are missing from some implementation plans.

—◆—
Clearer descriptions of blight and the actions to eliminate it would improve the implementation plans.
—◆—

In addition, many redevelopment agencies could improve their implementation plans by more clearly describing the blighted conditions in the project area and/or more clearly explaining how the agency's goals, objectives, and projects will eliminate the blighted conditions. For example, six redevelopment agencies prepared implementation plans that provide the legal definition of "blight" rather than specific descriptions of the blighted conditions in their project areas. Without clear descriptions, the implementation plans fail to show how the planned projects will eliminate blight in the project area.

Most Implementation Plans Lack Adequate Detail to Evaluate Progress

Although agencies' implementation plans generally comply with the law, the majority of plans do not contain enough information for the community to evaluate the progress of projects. In our opinion, to be used to evaluate progress, an implementation plan should at least contain a clear description of the project, including the project's location and project timelines. Only 4 of the 37 redevelopment agencies we reviewed prepared implementation plans that included information on each of these elements. The element that was missing most often was a project timeline.

Table 3
Required Elements Missing From Agency Implementation Plans

| Redevelopment Agency | Goals and Objectives | Projects | Estimated Project Expenditures | Explanation of Blight Elimination | Housing Responsibilities | Estimated Deposits and Balance in LMIH ¹ Fund | Number of Housing Units | Estimated Housing Expenditures from LMIH ¹ |
|--|----------------------|----------|--------------------------------|-----------------------------------|--------------------------|--|-------------------------|---|
| Beaumont Redevelopment Agency | | | | | | ✓ | | ✓ |
| Brea Redevelopment Agency | | | | | | ✓ | | |
| Hemet Redevelopment Agency | | | | | | ✓ | | |
| Redevelopment Agency of the City of Indian Wells | | | ✓ | | | | | |
| Redevelopment Agency of the City of Lathrop | | | ✓ | | | | | |
| Redevelopment Agency of the City of Oakland | | | | | | ✓ | | |
| Rancho Cucamonga Redevelopment Agency | | | ✓ | | | | | ✓ |
| Redevelopment Agency of the City of Riverside | * | * | * | * | | | | ✓ |
| Redevelopment Agency of the City and County of San Francisco | | | ✓ | | | ✓ | | ✓ |
| Redevelopment Agency of the City of San Jacinto | | | | | | ✓ | | |

✓ One or more of the agency's implementation plans lacks the required compliance element.

* Agency did not provide this section of its implementation plan.

¹ Low- and Moderate-Income Housing (LMIH).

Generally, redevelopment agencies provided sufficient detail describing their housing programs that would allow the community to evaluate their progress. More than 20 of the 37 agencies we reviewed provided details on project activities, locations, and timelines for their housing programs. Further, most redevelopment agencies supplied quantifiable and measurable elements in the housing sections of their implementation plans.

The law requires agencies to conduct a public hearing, at least once within the five-year period, for the purpose of reviewing their plans and evaluating the progress of redevelopment projects. However, based on our review, we doubt that most communities will be able to use implementation plans to evaluate their agencies' progress toward completing the proposed projects.

***Prioritized Goals, Specific Objectives,
and Performance Measures Could Make
Implementation Plans More Useful***

Although implementation plans contain useful information, they lack certain details that are needed to measure progress and effectiveness. However, with some modifications, redevelopment agencies could make their implementation plans a more useful measurement tool. First, implementation plans for redevelopment agencies should have goals that are realistic and prioritized. Although most plans for the 37 redevelopment agencies that we reviewed contained realistic goals, the plans did not always prioritize these goals. Because available resources are limited, agencies need to rank the goals to establish the importance of one project over another. Additionally, agencies should have separate goals and objectives. Goals are broad statements that provide an overall focus for the agency, while objectives are more specific. Although the agencies provided goals and objectives in their implementation plans, several did not distinguish goals from objectives.

Next, agencies should develop more specific objectives for their implementation plans. Objectives should be clear targets for specific action. They should be time-based and quantifiable. Agencies should formulate implementation plans that detail the specific activities required to achieve their goals and objectives. Further, the plans should include time frames and resource requirements for the specific activities.

Finally, agencies should develop and define performance measures for each activity to aid them in evaluating their progress toward eliminating blight and meeting their goals and objectives. Specifically, agencies could measure results of planned activities against performance targets to evaluate progress. For example, if an agency plans to construct a retail shopping center to stimulate economic development, performance measures might include the number of jobs expected to be created by or the number of new businesses attracted to the new shopping center. Once the shopping center is complete, the agency can measure actual results against the targets to evaluate its success.

Chapter 4

Conclusions and Recommendations

Conclusions

Currently, state policy makers have little information upon which to make informed decisions about redevelopment agencies because the agencies are not required to report to the State the results of their efforts. Additionally, no single state agency has oversight responsibility for redevelopment. Furthermore, because state law broadly defines blight, redevelopment projects are difficult to compare. As a result, little information exists and we were unable to determine whether redevelopment agencies are effective in eliminating blight.

However, we were able to obtain information on property values as a possible indicator of the agencies' effectiveness. A comparison of property values for the project areas and those for their respective cities revealed that the assessed property values in most redevelopment areas are growing at a rate that is the same or faster than the cities in which the agencies are located. However, because factors other than redevelopment can affect the property values and because we cannot isolate such factors, we draw no conclusions from the trends we found.

Additionally, our review of audited financial statements and related reports for 39 redevelopment agencies revealed that, as of June 30, 1995, most agencies seem financially sound and comply with state legal requirements. However, 1 of the 39 redevelopment agencies we reviewed is experiencing significant financial problems that are adversely affecting its city. Finally, our review of implementation plans from 37 agencies revealed that most plans include all elements required by law. However, few contain enough specific information to evaluate the agencies' progress towards eliminating blight. Unless agencies improve the content of the implementation plans, these documents are not useful as evaluation tools.

Recommendations

If the Legislature desires more information at the state level to determine the effectiveness of redevelopment agencies, it should amend the laws and require agencies to submit reports to the State on their effectiveness. The Legislature might consider expanding the implementation plans and using the plans as tools to report agency effectiveness.

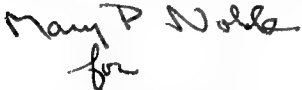
To ensure that the Legislature receives the information it needs, it should consider designating a state agency to develop regulations addressing the type of data that agencies should report to the State. Further, the designated agency could function as a central collection point for all agencies' reports of effectiveness and review the reports for reasonableness of information.

The Legislature should reassess its intent in requiring redevelopment agencies to prepare implementation plans. If it wants specific information related to agency performance and effectiveness, the Legislature should consider amending the laws to:

- Simplify or reduce the required elements contained in the plans so that agencies can focus their efforts only on elements of highest concern to the Legislature; or
- Expand the required elements so that agencies provide more detail and, in effect, make the implementation plans useful evaluation documents. Further, the amended law should detail the information that needs to appear in the plans so progress on redevelopment efforts can be evaluated and effectiveness can be measured.

We conducted this review under the authority vested in the state auditor by Section 8543 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope of this report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Kurt R. Sjoberg", with a small "for" written below it.

KURT R. SJOBERG
State Auditor

Date: November 19, 1996

Staff: Sylvia L. Hensley, CPA, Audit Principal
Catherine M. Giorgi, CPA
Olivia Haug
Jerry Lewis
Debra Maus
Chris Ryan

Appendix A

Redevelopment Agencies in Our Sample

| Redevelopment Agency | Number of Project Areas | City | County |
|--|-------------------------|------------------|----------------|
| Anaheim Redevelopment Agency | 6 | Anaheim | Orange |
| Beaumont Redevelopment Agency | 1 | Beaumont | Riverside |
| Bell Gardens Redevelopment Agency | 2 | Bell Gardens | Los Angeles |
| Brea Redevelopment Agency | 2 | Brea | Orange |
| Redevelopment Agency of the City of Buellton | 1 | Buellton | Santa Barbara |
| Redevelopment Agency of the City of Capitola | 1 | Capitola | Santa Cruz |
| Carlsbad Housing and Redevelopment Department | 1 | Carlsbad | San Diego |
| City of Compton Community Redevelopment Agency | 1 | Compton | Los Angeles |
| Community Development Agency of the City of Coronado | 1 | Coronado | San Diego |
| Danville Redevelopment Agency | 1 | Danville | Contra Costa |
| Eureka Redevelopment Agency | 3 | Eureka | Humboldt |
| Fresno County Redevelopment Agency | 1 | N/A | Fresno |
| Half Moon Bay Redevelopment Agency [*] | 1 | Half Moon Bay | San Mateo |
| Community Redevelopment Agency of the City of Hawthorne [*] | 2 | Hawthorne | Los Angeles |
| Hemet Redevelopment Agency | 4 | Hemet | Riverside |
| Hesperia Redevelopment Agency | 2 | Hesperia | San Bernardino |
| Hollister Redevelopment Agency | 1 | Hollister | San Benito |
| Redevelopment Agency of the City of Indian Wells | 2 | Indian Wells | Riverside |
| Industry Urban-Development Agency | 3 | Industry | Los Angeles |
| Redevelopment Agency of the City of Lathrop | 1 | Lathrop | San Joaquin |
| Community Redevelopment Agency of the City of Los Angeles | 30 | Los Angeles | Los Angeles |
| Community Development Commission of the County of Los Angeles | 4 | N/A | Los Angeles |
| Manteca Redevelopment Agency | 1 | Manteca | San Joaquin |
| Redevelopment Agency of the City of Monterey | 3 | Monterey | Monterey |
| Redevelopment Agency of the City of Morgan Hill | 1 | Morgan Hill | Santa Clara |
| Murrieta Redevelopment Agency ^{**} | 1 | Murrieta | Riverside |
| Napa Community Redevelopment Agency | 1 | Napa | Napa |
| Community Development Commission of the City of National City | 1 | National City | San Diego |
| Redevelopment Agency of the City of Oakland | 7 | Oakland | Alameda |
| Redevelopment Agency of the City of Perris [*] | 3 | Perris | Riverside |
| Poway Redevelopment Agency | 1 | Poway | San Diego |
| Rancho Cucamonga Redevelopment Agency | 1 | Rancho Cucamonga | San Bernardino |
| Redevelopment Agency of the City of Riverside | 6 | Riverside | Riverside |
| Redevelopment Agency of the City of Sacramento | 12 | Sacramento | Sacramento |
| Redevelopment Agency of the City and County of San Francisco | 6 | San Francisco | San Francisco |
| San Gabriel Redevelopment Agency | 1 | San Gabriel | Los Angeles |
| Redevelopment Agency of the City of San Jacinto | 2 | San Jacinto | Riverside |
| Redevelopment Agency of the City of San Jose | 4 | San Jose | Santa Clara |
| Twentynine Palms Redevelopment Agency | 1 | Twentynine Palms | San Bernardino |
| Whittier Redevelopment Agency | 3 | Whittier | Los Angeles |
| Total | 126 | | |

^{*} Agency did not submit its implementation plan.

^{**} Agency did not prepare financial statements in fiscal years 1993-94 and 1994-95.

N/A Agency was established by its county; therefore, the city name is not applicable.

Appendix B

Projects and Activities* Listed in Redevelopment Agency Implementation Plans

| Redevelopment Agency | Infrastructure | | Capital | | Renovation | | Monetary Inducements | Housing | Other |
|---|----------------|-------|---------|---------|------------|---------|-------------------------|---------|-------|
| | Minor | Major | Public | Private | Public | Private | | | |
| Anaheim Redevelopment Agency | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Beaumont Redevelopment Agency | ✓ | ✓ | ✓ | | | | | ✓ | ✓ |
| Bell Gardens Redevelopment Agency | | ✓ | ✓ | | | | | ✓ | |
| Brea Redevelopment Agency | | ✓ | | | | ✓ | | ✓ | ✓ |
| Redevelopment Agency of the City of Buellton | ✓ | ✓ | | ✓ | | | | ✓ | |
| Redevelopment Agency of the City of Capitola | ✓ | | ✓ | | | ✓ | | ✓ | ✓ |
| Carlsbad Housing and Redevelopment Department | | | ✓ | | | | | ✓ | |
| City of Compton Community Redevelopment Agency | | | ✓ | ✓ | | | | ✓ | ✓ |
| Community Development Agency of the City of Coronado | | | ✓ | | | | | ✓ | ✓ |
| Danville Redevelopment Agency | | | ✓ | | ✓ | | | ✓ | ✓ |
| Eureka Redevelopment Agency | ✓ | | | | | ✓ | | ✓ | ✓ |
| Fresno County Redevelopment Agency | | ✓ | | | | | | | |
| Hemet Redevelopment Agency | ✓ | | ✓ | | | ✓ | | ✓ | |
| Hesperia Redevelopment Agency | ✓ | ✓ | | | ✓ | | | ✓ | ✓ |
| Hollister Redevelopment Agency | ✓ | | | ✓ | | ✓ | | ✓ | ✓ |
| Redevelopment Agency of the City of Indian Wells | ✓ | ✓ | ✓ | | | ✓ | | ✓ | ✓ |
| Industry Urban-Development Agency | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ |
| Redevelopment Agency of the City of Lathrop | ✓ | | | | ✓ | ✓ | | ✓ | ✓ |
| Community Redevelopment Agency of the City of Los Angeles | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Community Development Commission of the County of Los Angeles | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Manteca Redevelopment Agency | ✓ | | ✓ | | | | | ✓ | ✓ |
| Redevelopment Agency of the City of Monterey | | | | | | | | ✓ | ✓ |
| Redevelopment Agency of the City of Morgan Hill | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ |
| Murrieta Redevelopment Agency | | ✓ | | | | | ✓ | ✓ | ✓ |
| Napa Community Redevelopment Agency | ✓ | | | | ✓ | ✓ | | ✓ | ✓ |
| Community Development Commission of the City of National City | ✓ | | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Redevelopment Agency of the City of Oakland | ✓ | | ✓ | | ✓ | ✓ | | ✓ | ✓ |
| Poway Redevelopment Agency | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ |

| Redevelopment Agency | Infrastructure | | Capital | | Renovation | | Monetary Inducements | Housing | Other |
|--|----------------|-------|---------|---------|------------|---------|----------------------|---------|-------|
| | Minor | Major | Public | Private | Public | Private | | | |
| Rancho Cucamonga Redevelopment Agency | ✓ | ✓ | | | | | | ✓ | |
| Redevelopment Agency of the City of Riverside | | | | | | | | ✓ | |
| Redevelopment Agency of the City of Sacramento | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Redevelopment Agency of the City and County of San Francisco | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| San Gabriel Redevelopment Agency | ✓ | | | | | ✓ | | | ✓ |
| Redevelopment Agency of the City of San Jacinto | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | |
| Redevelopment Agency of the City of San Jose | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Twentynine Palms Redevelopment Agency | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ |
| Whittier Redevelopment Agency | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |

✓ Indicates one or more occurrences of this type of project in at least one of the agency's project areas.

* Refer to Figure 1 on page 12 for description of project categories.

cc: Members of the Legislature
Office of the Lieutenant Governor
Attorney General
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps